

WE ARE A NATION OF ECONOMIC ILLITERATES

The Banker of the Future Will Be First Conscious of His Limitations and Then Aware of His Country's Marvellous Opportunities

From a Speech by
FRANK A. VANDERLIP

[Frank A. Vanderlip, president of the National City Bank, in an address before the Bankers' Club of Chicago last night discussed the economic changes that have taken place in the twenty years elapsed since he stopped writing finance for "The Chicago Tribune" and went with Mr. Gage to Washington to be Assistant Secretary of the United States Treasury. From there he came to Wall Street.]

IF THESE twenty years have been a period of change, practically every business change has been a change toward greater and greater totals. The active careers of most of the men in this room embrace a great part at least of those twenty years, and the variations you have seen and experienced in the totals which measure business activity have certainly been startling. Take your own banking development here in Chicago. Your total bank deposits aggregated twenty years ago about 200 millions. To-day they are about one and a half billion. In the same time the net deposits of the Clearing House Banks of New York increased from 500 million to three and a half billion, while for the whole country total deposits increased from five and a half billion to 26 billion. Bank clearings have gone up from 50 billion to nearly 250 billion; the investment in our manufacturing establishments has increased from 9 billion to nearly 25 billion; pig iron production twenty years ago was on a basis of 8 million tons annually and the estimate for this year is 40 million tons. In many directions statistics could be produced showing a fivefold development in these two decades. That ratio holds for the total of our exports of domestic merchandise. In 1896 it footed 863 million; for the fiscal year just closed it is more than four and a quarter billion, or almost five times as much. The most startling comparison of all, perhaps, could be made in regard to our gold stock. The total amount of gold in the United States twenty years ago was just 400 million dollars. We have imported more gold in the last twelve months than we had accumulated in all our country's history prior to 1896.

These and endless other figures could be presented to indicate what remarkable developments there have been in this country in twenty years, but there have been other changes and other developments that cannot be measured by statistics. Those changes are of as deep import to national life and to our business life as any totals that could be presented. There have been profound changes in the attitude of our people toward government and in the attitude of government toward individuals. Viewed from one angle, there has been a distinct loss of independence, or self-reliance, and a growing tendency to lean upon governmental action, to be influenced by governmental attitude, to regard legislation as a panacea, and to believe that a bill in Congress can do what we used to think required individual initiative, work, judgment, sacrifice and thrift to accomplish.

Sum of Human Comfort Greater
What does such a great growth in totals signify in measuring true progress? Though we can show a growth fivefold in some of our departments of business life, does it follow that we are a happier people? Have we been surmounting the hardships of life? Are we a sounder nation, a better governed country, a more efficient people? On the whole, I believe we can answer all those questions affirmatively. The progress toward those goals has not been uniform, but I believe that the average level of human comfort and happiness in the United States has risen in twenty years by an amount that is distinctly discernible. Certainly the farmer, with his automobile, his telephone, with his acres that have shown a greater increase in value than any other form of property, with his improved machinery and better roads, with his gains in educational facilities and a wider dissemination of scientific methods, has shown advance. The large proportion of industrial workers should they compare life to-day with that of twenty years ago, would admit that there is far less exertion required to secure a given result, and while rising prices may have, largely, if not entirely, kept pace with advancing wages, the sum total of their comforts and advantages has certainly increased.

While it may be agreed that there has been a gain in physical comforts, a distinct advance in our general standard of life, there has undoubtedly been a loss in individual independence. Part of that, I believe, has come from a weak leaning upon legislative action instead of a sturdy dependence upon individual strength; but part of it, too, we must recognize, has come from a clearer understanding of social obligations, from a recognition of the unity of society and the necessity, if our social life is to develop harmoniously, that to some extent we give up our personal inclinations and independence to the welfare of the whole.

There has been great development of government functions in the supervision and direction of affairs. That has been, of course, notably exemplified with the railroads, and as yet the demonstration of its full efficacy is doubtful. We have seen the theory of the income tax developed, with the restriction of its application to so few of our people as one-third of 1 per cent, and by its means we have seen the door opened to an entirely new theory of taxation, a theory under which, whenever there is a growing deficit, the first device for new income will be to open further the spigot of the income tax and let the stream run larger and larger.

Banking Position Basically Sound

In totalling up the gains of these twenty years in legislation, we can, even while criticising a good deal that has been unsound and harmful, gladly admit that there has been much that has been good. As bankers, we can look on two acts of legislation of profoundly beneficial influence. The more important, of course, is the establishment of our monetary system firmly upon a gold basis; but only second to that was the recognition of the true principles that should govern a reform of our banking laws, and while those principles were not ideally applied in constructing the Federal Reserve act, that act did, on the whole, make a great step forward toward giving this country a basically sound banking position.

Another class of legislation through which government in a measure enters business is typified by the Federal Farm Loan act. In some quarters there is objection to the principle involved when governmental relations are injected into business in this way. Does not the fault here lie quite as much with bankers as with legislators? Will we not always find the people groping to do through governmental agencies those things that are left undone or are badly done by individual initiative? Must we not safeguard the future from an unwise participation of government in business by seeing to it that business is so well conducted, so fairly administered, so completely responsive to legitimate needs that there will be no sound reason for the government coming into participation in any field because it is already adequately and fairly served?

Among the more recent pieces of legislation that are prominent in a catalogue of enactments affecting business in this period is the Federal Trade Commission act. There would undoubtedly be a lack of agreement as to the need or effectiveness of that measure, but I believe it is at least fair to say that a distinct service has been rendered industry by the acute analysis which a Chicagoan at the head of the commission has made of the method, or the lack of method, of computing costs in industrial establishments. Mr. Hurley has pretty well established the fact that many industrial organizations have been going by a rule of thumb in determining costs of production, and he has rendered a real service in awakening industrial managers to the necessity for a more accurate understanding of their business.

I wonder if something of the same sort might not be possible in an analysis of the banking business! Have we not all been going on, governed too much by precedent, which has led us, under all circumstances of high money or low money, to pay the same level rate for deposits? Have we not frequently permitted a desire for large totals to lead us into paying rates that were obviously unwarranted by the ruling rate for money, a practice which in turn leads to the making of unsound loans, because we feel forced to make profitable those deposits which are costing us too much. I wonder sometimes if there is not too little flexibility of mind among bankers! The fixed rate of interest on deposits is only one example of that. It seems to me a duty to understand truly the needs of our customers, and to do that means a much more intimate knowledge of their business; it means making a much more sympathetic and careful

study of their special requirements and the reasons for them than bankers are in the habit of making.

The Coming Generation of Bankers

If any one of us were to attempt to picture what we would regard as the ideal banker of the future in America, we would give such a man a much larger equipment of learning and wider range of experience than we ourselves have had. The ideal banker of the future should be well grounded in economic principles and in the theory of banking. He will need a familiarity with international affairs, and if he is to occupy one of the most important positions that a banker should have been acquired through personal contact with the problems of finance in the great financial centres of the world. One of the most important things that branch banking is going to do for America is to serve as a school to educate the bankers of the future. It is going to give a new generation of bankers an understanding of international relations and a knowledge of international practice. It will give us at least a few bankers who are linguists, because they will have acquired practical facility with languages by residence in foreign capitals as managers of American branches.

The ideal banker of the future will know the practices and personalities of the world's financial centres, and with that broader experience will form habits of broader thinking. With such a wider experience and broader knowledge will go hand-in-hand a great modesty about our relations to the financial affairs of the world. Our ideal banker of the future will not be boastful concerning the ability of America to dominate world banking, because he will better know the difficulties to be encountered in the world's banking field and more clearly apprehend the limitations that are upon us. One of the best things about the ideal banker of the future, knowing his own country and the world better than we do, will be that he will escape provincialism, he will avoid sectional prejudices, and upon such a foundation he will develop such harmonious policies as will attract to him confidence and friendship and repel suspicion and antagonism. With such an equipment he will become more than an ideal banker and will more nearly approach being an ideal citizen, because he will have the equipment and experience which will lead him to think clearly and on the broadest lines in regard to the relation of his business, financially, economically and socially, to his community and to his country.

Something Needed Besides Huge Totals

If this country is to come to a position of great influence in international financial affairs, if we are truly to merit a leading position as world bankers, we must do a good deal more than merely create huge totals. Obviously, we must grow a generation of bankers thoroughly competent to handle the problems of international finance. Not all bankers will need that training, but those who are engaged with the responsibilities of developing our international position will, in one respect at least, need the help of every banker in the country. We can have no great international position in finance unless we have at home bankers who will rise above sectionalism. There must be no provincial jealousies of one section by another, of one city by another, if we are to exert our best force in the field of international finance. Almost any intelligent man would recognize the fallacy of a community in the interior of the country objecting to shouldering a just share of the responsibility for military preparedness because it happened that the borders of the country were far away from that community, and the danger of invasion of such a community therefore was remote. In just the same sense, the banker in the small interior town should comprehend that he is as vitally interested in the international exchanges as is any great bank in New York. The truth of that seems to me perfectly demonstrable. The state of the international exchanges affects the gold reserves. The reserves are related to the whole credit structure of the country. There are put in action forces directly affecting the interests of a bank in Oklahoma the moment that a gold demand affects a reserve in New York.

A purely agricultural community should understand that it may have as real an interest in the development of foreign trade as do industrial centres directly concerned with the matter. In like manner, labor ought to see that its welfare is as truly related, if less directly, to sound finance as are the fortunes of the capitalists concerned. We are all interested in what is right, what is fair and what is efficient. The loafer, the slacker, the incompetent, hurts us all. An unwise conceived and badly directed enterprise does not stop with causing loss to the people who put money into it. It indirectly injures every workingman, every class of society. Unsound finance, inefficient industry, unwise enterprise, may each in their way be as wasteful to a nation as war itself. The restrictive rules of union labor, which may cut in half the unit of a day's work, or the restrictions of unfair trade combinations, which prevent the economies of a free play of business, will both bring in their train real hardship to be borne by society. Bad governmental policy that unwise interference with business may be as costly as the preparation to meet an invading foe from the outside.

It is a country of economic illiterates. I know of no illiteracy more dangerous to the welfare of a commonwealth.

Economic Fallacies Are Costly
We all want peace, we all deprecate war, but truly we are always at war; we are at war with economic error, at war with slackers, at war with bad business judgment, with dishonest methods, with whatever hurts confidence or makes for class animosities. The cost of such warfare if we lose, if we permit the insidious invasion of economic fallacies, of unsound political theories, of unwise governmental policies to dominate, may be greater than the military expenditures in some of those nations that are to-day engaged in military struggle.

The voice of the people is neither the voice of God nor is it the voice of wisdom if the minds of the people are untrained to think soundly, if they are filled with sectional or with class prejudice. If the best minds in a community are not exerted to think clearly, or if thinking clearly they neglect to give that thinking political force, a treasonable blow is being struck at the foundations of democracy.

There is a science of political economy. Some of its principles are as definite as laws of mathematics. It makes understandable principles and laws that can no more be broken with impunity by a nation than moral laws can be carelessly regarded by an individual. I believe sound thinking in regard to the principles of political economy to be one of the greatest needs of this nation. A man counting on his fingers may evolve enough mathematics to carry him through the needs of simple life. A man unable to state a single principle of political economy may still think with what seems a sufficient degree of accuracy about his ordinary affairs. But when that man, ignorant of the principles of political economy, joined to others equally ignorant, begins en masse and nationally to project his judgments beyond directing the simple affairs of his life so that his discussions are weighed, and give substantial direction to the course of society or the action of government, then the danger which may follow from such lack of understanding is appalling. All about us there are examples of the densest ignorance of the consequences that flow from accepting unsound theories of political economy. A man who restricts production, the output of whose day's work is consciously made materially less than he could with ease produce, because he thinks that in so restricting production he helps his class, simply does not know the multiplication table of economics; he creates a condition that inevitably reacts upon himself and on his fellows. One could multiply the illustrations, and they could be drawn from government, business and industry with equal ease, where unsound thinking about questions involving principles of political economy leads to costly tribute being paid by all society.

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Prosperity Leads to Indifference
Whatever need there has been in the past for the leaders of the country to think soundly, there is going to be a still greater need in the future. It requires no prophetic vision to see that we are coming into a time when it will be necessary to make vitally important national decisions. The effect of those decisions will be more far-reaching, the difficulties involved in measuring forces and calculating effects will be immeasurably greater, than has been true at any time before in our lives. To-day we cannot begin to measure the extent, even to guess at the character, of the problems that the world cataclysm is developing. Indeed, I think that our people as a whole have but slight conception of the nature of that cataclysm, and the inevitableness of our relation to its effects. A part of the country has been submerged in prosperity and its sense of proportions and relationships has certainly been dulled. Another, and a greater part, which has only experienced this prosperity in a reflected way and has viewed both the war itself and its reflex action upon our industries in a somewhat faraway and detached manner, has developed a point of view of aloofness from the world's tragedy. It

has been a spectacle, but it has not gripped their souls. They look with horror on the carnage, with satisfaction on the profits, but with an unrelated sort of superiority to both, and feel that as a nation it is best for us to avoid being involved in any of the consequences. Indeed, no small number of the people look upon the interior of the United States as the only important section of the world that is still quite sane, and their chief wish is for us to proceed quietly on a course that will keep us out of trouble. To me, this seems an utter lack of imagination, a blindness of vision, a complete failure to understand the unity of the industrial, commercial and financial world. Unless I utterly misjudge affairs, there are going to develop for this country problems of the gravest import—problems that will need for their correct solution the attention of the most enlightened minds. This country will need leaders with an apprehension of true principles of action—leaders who will have decision and force in formulating policies and putting them into execution, the like of which the country has not needed in our time. Those problems that will press on for solution can neither be repelled nor postponed by the pacifist nor by the advocate of preparedness. Some of these questions that must be answered will come directly from the field of the terrible war, but others will develop within our own borders, among our own people and out of our own characteristics.

Conspiracy of Events Tests Moral Fibre

It is easy to see that the unsound, the unwise, the wrong solution of these problems that are pressing upon us will cost us an immeasurable sum of potential wealth, of individual happiness, of national progress; but if the cost of wrong decisions is immeasurably great, how immeasurably great also will be the reward of right decisions. Never since the beginning of time was there such an opportunity. Never did a people have before them a choice of two roads that led to such different destinations. Never did a nation have hung at it so many gifts of opportunity, such inspiration for achievement. We have always known that nature had been lavish, that in a material way everything was ready at hand and needed but immaterial fibre, floodtide of wealth, bringing material success to the country and to all of its people. But on top of that comes what seems almost a conspiracy of events to test our moral fibre. A floodtide of wealth, of opportunity, which, added to our resources, puts upon the people of this country a responsibility of trusteeship to the world.

We are like the heir of an enormously wealthy father. None too well trained, none too experienced, with the pleasure-loving qualities of youth, we have suddenly by a world tragedy been made heir to the greatest estate of opportunity that imagination ever pictured. The last twenty years have seen a fivefold development. I would hesitate to suggest what the next twenty years may see if we rightly manage this heritage. Will we look upon it as we surely should look upon it, as a great responsibility? Will it sober us, make us see that our national judgments and decisions are now of worldwide significance? Will we keep in mind that with this new wealth, this wealth in material things and vastly greater wealth in potential opportunity, have come responsibilities? We will gain the esteem of the world and the satisfaction of the approval of our own national conscience in just the measure that we meet and rightly discharge these responsibilities.

How French Women Labor to Replenish The Nation's Larder

THE part played by French women in agricultural work during the war is vividly pictured in a report of its investigations made by the Women's Mission, promoted by the Berkshire Committee on "Women and Farm Labor," of London. The mission visited France last spring. Those who were members of it were: Mrs. Boyce, of Windlesham, Surrey (wife of a small holder); Miss Chillingworth, of Barn Elm Farm, Bradford, Berks (daughter of a farmer); Mrs. Saint, of High Street, Stone, Staffs (daughter of a farmer); Mrs. Sutherland (daughter of a New Zealand farmer); Miss La Mothe, of the Board of Trade; Miss G. Pott, honorable treasurer of the Berkshire Committee on "Women and Farm Labor," and Professor Salmon, of University College, Reading.

The party visited the following villages and towns, most of which were within the military zone: Chateau Thierry, Etampes, Epervay, Chouilly, Fere Champeoise, Troyes, Estissac, Thuisy, Chermery, Langres, St. Georges, Champigny-les-Langres and Montigny-le Bretonneux.

The following points were generally agreed upon by members of the mission as including the most useful and practical conclusions drawn from their various observations and experiences:

1. The immediate and unremitting energy displayed by the French women in carrying on all forms of work upon the land from the moment the men were called up to the army. Not only the wives and daughters, but also the mothers of soldiers undertook the continuance of production of food without delay. Many aged women, whose advanced years would naturally have earned for them complete rest, were found taking an active share in the roughest labor.

2. The aptitude and willingness shown by women of all ages in undertaking the heavier forms of farm work. Though most of the French peasant women visited were used to assisting the men in the lighter portions of agricultural operations, many instances were found of women now carrying on work to which they were unaccustomed before the war. One of the most striking of these instances was that of a soldier's wife who had never touched a plough until her husband and brother were mobilized, but who, after two days' lessons from the brother, had ploughed and sown some fifty to seventy acres without assistance. This woman was engaged in teaching her daughter of twelve years old to handle the plough and manage two somewhat ill-tempered horses.

3. That French women appear to accept the carrying on of extra agricultural work as their natural and proper share of the hardships of war. They are to-day fulfilling these tasks without a murmur, and their attitude in the matter forms a valuable lesson to their English sisters.

4. The far wider resource and greater economy shown by French country women than is generally practised in English villages. More use is made of garden and wild vegetable produce, not only for human food, but also as nourishment for animals. Domestic duties are more generally shared by the whole household than left to one member of the family, as is often the case in England.

5. The remarkable productivity of the farms visited as regards the various food commodities consumed by the family and the consequent self-dependence of the French agricultural household was constantly noticed. Though the English agricultural worker cannot produce his own flour and cheese as does the French peasant proprietor, the latter's careful storage of dried beans and peas and use of wild salads might well be imitated in our own villages.

6. The large number of domestic animals reared by French women: every house visited owned a rabbit hutch and reared rabbits as well as a few in great quantities. The rabbits were fed almost entirely on wild herbage gathered by the women and children from the roadside, and there would seem to be no adequate reason why so useful and inexpensive a form of animal food should not be more widely cultivated in England. As one French woman was heard to remark: "If one has rabbits and fowls one need never lack a Sunday dinner."

CURRENCY STRINGENCY THREATENED IN CHINA

Melting of Brass Coins to Obtain Copper Is Cause

A serious situation in Chinese monetary matters has developed because of the export from China, particularly to Japan, of Chinese brass "cash," the characteristic coins with square holes in the centre that have been the basis of all trade in the interior of China for many years. The cash has been in the price of copper has rendered these brass coins, which usually contain about 80 per cent of copper, more valuable as metal than as a medium of exchange.

FROM the news summary of the statement made two weeks ago by William J. Bryan before the Newlands Committee it might easily have been inferred that he had changed his mind about government ownership of railroads since the speech he made at Madison Square Garden ten years ago advocating government trunk lines. In fact, however, he is of the same opinion still. He has deep misgivings about government ownership at all. Its dangers fill him with uneasiness. On the other hand, he is pessimistic about alternative solutions of the railroad problem.

His Madison Square Garden speech caused Wall Street some troubled nights. Finance was not then accustomed to the thought of government ownership on any terms. The thought is now very familiar. The apex of the idea presented by Mr. Bryan in 1906 and the essential part of his recent statement before the Newlands Committee may be compared in the text that follows:

1906—From Madison Square Garden speech:

To me dangerous centralization is a danger that cannot be brushed aside. The greatest danger of a Republic is the consolidation of all power at the Capitol, remote from the people. And because I believe that the ownership of all railroads by the Federal government would so centralize power as to virtually obliterate state lines, instead of favoring the Federal ownership of all the railroads I favor Federal ownership of the trunk lines only, and the state ownership of all the rest of the railroads.

1916—Statement before Newlands Committee:

As to government ownership, I believed for a number of years that it was inevitable, and inevitable only because the railroads will not consent to effective regulation, and I think it is now some ten years since I had occasion to say that unless our experience with the railroads was different from our experience with municipal corporations, the people, for their own protection, would be compelled to take charge of the railroads. Our experience with municipal corporations has been this: that the men who own the franchise have so large a pecuniary interest that they are always alert and watching; while the individual citizen has so small an interest, relatively, that he is not so alert or so watchful, and the result has been that in cities of any size the people holding the franchise have felt that it was necessary for them to control the election of councilmen, or whoever have the authority, in order to protect their interest; and some of you may have heard the argument made that they do not want to enter politics, but they have to enter it in order to protect themselves from the demagogue; and I may add that the first time this was presented in an official way by any high authority—this matter of national incorporation—I remember that the president of a railroad, whose railroad had, only a short time before, been found by an investigating committee to have three times as much capitalization as it had property, gave out an interview endorsing national incorporation, and the reason he gave was that it was the only way the railroads could protect themselves from the demagogues in the legislature; and that is the argument given in the cities—that they must protect themselves from sand-baggers and demagogues, but the result is corruption, and the cities have been forced to take over their franchises for the protection of their people, not only the economic protection, but the political protection.

Now, I said that unless our experience with the railroads was different, we would have to do the same effort for the same reasons, and the effort that is now being made to secure a revolutionary change and the effort made not in the interest of better regulation, but to avoid the regulation of the states, is simply an illustration of what I meant when I said the people would, for their own protection, be compelled to take these railroads over; and my opinion is that nothing would hasten the government ownership of railroads more than the success of the plan which is under discussion.

If you can ever secure national incorporation—and that, of course, is of no value unless it is effective in transferring the control, for a national corporation that does not effect any change is not worth having; it is only valuable in proportion as it does bring this change in the centering of authority—but if this succeeds, I believe that the evils that will develop will become so intolerable that it will hasten the action; but I never believe it wise to advocate a bad thing in the hope that it will bring a better thing. In fact, I think it is a very unsound philosophy. I think that if you oppose a thing, and it comes, you can take the advantage of it, and you may be able to use it to bring something that is better; but whenever I am tempted to advocate a bad thing, I hope it will bring a better thing, I am restrained by this process of reasoning—rather, this illustration of reasoning. I will put it this way: If I ever get it into my head that I can raise a man from the dead, I will try it on a dead man; I will not kill a man just to experiment with him; and I apply that to this case.

While I believe that out of the phases that this would lead to, government ownership would come, I would not be willing—no matter how much I favored government ownership—to favor the bad thing and take my chances on the good thing coming, because if I helped to get the bad thing, I would be responsible for it, and then, if I were not able to get the good thing, I would have no way of defending myself from a very serious responsibility. Now, personally, I cannot say that I desire government ownership, because I lean to the individual idea rather than to the collective idea; that is, I believe that government ownership is desirable only where competition is impossible. I am not able to tell you who first laid down the rule that I have adopted, but the first man whose name was attached to it was Professor Ely; I do not know whether it was original with him, or whether he took some one else's statement, but my understanding of it was this—that natural monopoly must be owned by the people, on the theory that in the case of a natural monopoly competition was impossible, or, if not impossible, was so expensive as to amount to the same thing, and that there should be government ownership.

That proposition expresses my views better than any I have been able myself to frame; that competition is impossible; government ownership is necessary; that a private monopoly is indefensible and intolerable, and I only favor government ownership on the condition that a proper regulation is impossible, and I have been frank to express the belief that it will be found impossible, simply because of the natural tendency of the men in charge of the railroad to make all they can out of it, without regard to the equities or to the rights of the people. But I am perfectly willing to give to private ownership a fair and complete trial, and I am willing to have all proper restrictions tried, so that when the people turn to government ownership they will turn with evidence either that it is impossible to devise restrictions, or because the railroads are able to prevent efficient restriction, and I have gone so far in my willingness to try effective regulation as to suggest this: that the railroad capitalization be reduced to an honest basis, and that then the railroads be allowed to earn a sufficient income to keep their stock at par, and, in addition to that, a sum to be put into a surplus, as a bank creates a surplus, from which the railroad could draw in bad years, to keep its dividend at a just and reasonable point.

Now, if I know the sentiment of the people, there is no desire among the masses to do injustice to the railroads, and I have not any doubt that any fair proposition that is just to both sides would be endorsed by the public, and I have such faith in the sense of justice and the fairness of the masses that I would not hesitate to endorse and appeal to them to endorse a proposition that would give absolute stability to railroad stock by permitting this accumulation of a reasonable surplus out of which the dividends could be paid in any bad year, so that any man who bought a railroad stock could know that every year he would receive a return that paid the value of the money invested.

Japan's Narrow Railway Gauges
Probably the largest domestic question awaiting settlement in Japan, says the "London Times," is that concerning the alteration of the railway gauge from the present narrow (3 feet 6 inch) to standard gauge (4 feet 8 1/2 inch), the advocates of which have been active for years past. As the result of a resolution of the upper house a commission was appointed in April last to go into the matter thoroughly and render a final report and recommendations.

According to the vice-president of the commission, Dr. Juiichi Soyeda, who is president of the Imperial Railways, the estimates of the expenditure required have been very carefully considered, and it is now calculated that the outside cost of converting the whole of the railways of the main island of Japan from Shimonoseki to Aomori to the standard gauge would be \$29,000,000, and that of converting the trunk line from Tokio to Shimonoseki (which in any case would be done first) would be \$29,000,000.